

SEP 12 1940

CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

PETITION OF BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED, FOR A WRIT OF
CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE
SEVENTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

MAX W. ZABEL,
Counsel for Petitioner.

INDEX.

	PAGE
Petition for Writ of Certiorari.....	1
Summary and Short Statement.....	2
Proposition A	4
Doubt as to Validity.....	4
Respondent's Mis-Use of the Grant.....	6
Proposition B	7
Patent in Suit	7
The Prior Art	8
Erroneous Conclusion Re: Commercial Success	11
Reasons Relied on for Granting the Writ.....	12
Brief in Support of Petition.....	14
Jurisdiction	14
Statement	14
Specification of Errors	15
Argument	16
The Commercial Success Doctrine.....	16
Proposition A	16
Proposition B	19
Appendix	21
Correspondence	21
Claims in Suit	34
U. S. Constitution, Art. 1, Sec. 8.....	35
Rule 22, C. C. A., 7th Circuit, Rehearing.....	35

CITATIONS.

Barbed Wire Patent 143 U. S. 275.....	16
Gandy v. Main Belting Co., 143 U. S. 587.....	16
Keystone Mfg. Co. v. Adams, 151 U. S. 139.....	16
Krementz v. S. Cottle Co., 148 U. S. 556.....	16
Magowan v. New York, etc., Packing Co., 141 U. S. 332	16
Smith v. Goodyear Dental Vulcanite Co., 93 U. S. 486.	16
Topliff v. Topliff, 145 U. S. 156.....	16
U. S. Constitution, Art. 1, Sec. 8.....	12, 35
Federal Rules of Civil Procedure, Rule 73(d).....	18
U. S. C., Title 28, Sec. 347.....	14
Rule 22, C. C. A. 7th Circuit, Rehearing.....	35
Opinion of the Seventh C. C. A. in the Instant Case 112 F. (2d) 264.....	2

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*To the Honorable, the Chief Justice and Associate Justices
of the Supreme Court of the United States:*

Your petitioners, Ben Adler Signs, Incorporated, and Adler Sign Letter Company, Incorporated, respectfully pray the grant of a Writ of Certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the judgment of that Court entered April 25, 1940, petition for rehearing denied June 14, 1940. A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

SUMMARY AND SHORT STATEMENT.

(1) This is a patent controversy, and the patents in suit relate to the signs on theater marquees, in which provision is made to periodically change the legends thereon by the use of readily mountable and demountable "individual *letters*". This controversy originally involved United States Letters Patent No. 2,038,978, owned by Petitioners, and Nos. 2,048,040 and 2,119,430, owned by Respondent, Wagner Sign Service, Incorporated.

(2) Respondent initiated this controversy by bringing suit against Petitioners on patent No. 2,048,040. Altogether, four suits were filed in the United States District Court for the Northern District of Illinois, Eastern Division, two by each party. Briefly, each of the said patents was in issue with respect to the devices of the corresponding defendants. The four suits were consolidated for trial, and, after hearing, each patent was held valid and infringed (Opinion of the Trial Court, R. 180). From the decrees entered in accordance with the opinion, both parties appealed to the United States Circuit Court of Appeals for the Seventh Circuit. The said Circuit Court of Appeals, in an opinion dated April 25, 1940 and reported in 112 F. (2d) 264 (R. 436), held Petitioners' patent No. 2,038,978 and Respondent's patent No. 2,119,430 *invalid*, and held Respondent's patent No. 2,048,040 *valid* and infringed by *one* type of Petitioners' sign, namely, the *notched flange* type of letter, but absolved Petitioners from the charge of infringement as to their other type, the *lug* type of letter. Petitioners' total sales were about equally divided between the two types (R. 82).

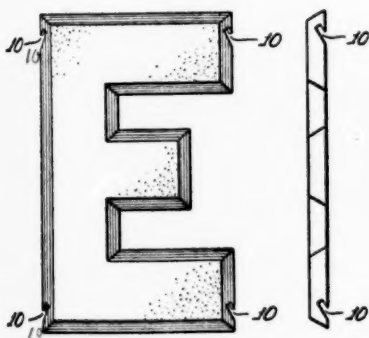
This petition is directed to what we believe is a novel,

but exceedingly important question of law relating to the misuse of the patent grant. Issues of validity and infringement of the said sustained Respondent's patent No. 2,048,040, hereinafter styled *patent in suit*, are incidental. The said patent appears in the record at pages 324 *et seq.* We are here not concerned with patents No. 2,038,978 and No. 2,119,430.

(3) All of the claims of said patent No. 2,048,040 which were in controversy before the District Court, namely, claims 4, 5, 6 and 8, are involved in this petition, as are Petitioners' *notched flange type letters* which were held to be an infringement of said claims.

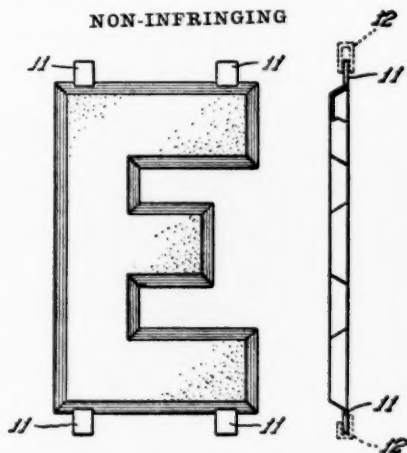
That the Court may quickly visualize the difference between Petitioners' two types of letters we show them below:

INFRINGING



Petitioners' notched flange
type.

NON-INFRINGEMENT



Petitioners' lug
type.

The only difference between these two types of letters is in the means whereby they may be easily mounted and demounted, so that legends may be periodically changed. The infringing type is mounted on bars by virtue of the

slots, whereas the non-infringing type is mounted between two channel bars by means of the protruding lugs. Infringement was charged as to both. That Petitioners' letters were no Chinese copies of Respondent's is amply shown by Respondent's advertisements, such as appear in the Record at pages 249, 251, 257, 273, 275, 281 and 285.

(4) The Petition presents the following main fundamental propositions:

A—Should the owner of a patent (of questionable validity) who misuses the grant (both before and after issue) to threaten and intimidate an entire industry by voluminous threatening and competition destroying correspondence and advertisement (which is at times not in accordance with the facts) be given the benefit of wide commercial acceptance (only in part due to the claimed feature*) in order to turn the doubt as to the validity of the patent into a finding favorable to its validity?

B—Unfortified by erroneous conclusions based on commercial success, the said claims of said patent are invalid because of prior art, and are not infringed.

PROPOSITION A.

(5) DOUBT AS TO VALIDITY.

(A) The United States Circuit Court of Appeals for the Seventh Circuit, in its opinion (R. 440), states:

"We must admit that at the commencement of our study of this patent in connection with the prior art, we were dubious concerning its validity, occasioned, no doubt, by the apparent simplicity of the construction disclosed. More careful consideration, however, leads us to the opposite conclusion. A study of the testimony is rather convincing that the industry, for many years, had labored under the handicap of unsatisfactory signs, and as the prior art amply discloses, much effort was exerted to remedy the situation. Numerous devices were recommended, tried, and

* One-half of Petitioners' sales were of the type held noninfringing, i. e., lug type letters (R. 448).

largely abandoned. That the silhouette sign, such as described by Wagner, met with hearty response on the part of theatre owners, is hardly open to question. They generally have supplanted the numerous letter advertising devices which had been theretofore employed. *This situation is rather persuasive to the effect that the patent describes an invention of merit.* The presumption of validity which attaches to its issuance, as well as the finding of the court below in favor of validity, supports our conclusion that it is valid." (Emphasis ours.)

The above passage, together with other passages in the opinion, clearly indicate that there was doubt as to validity, and that such doubt was resolved in the patent owner's favor because of claimed commercial success.

(B) The question of doubt as to validity is further emphasized by the following statement of the District Judge (R. 180):

"The Court: This case has given me a good deal of difficulty. During the last two weeks I have read and re-read your briefs. I went over them again last night.

"When I remember the difficulty I have had with the case and my lack of confidence in my conclusion, it is comforting to me to know, however I happen to decide the case at this moment, makes very little difference to either of your clients. I think that some months or years ago I would have decided this case differently from the way I am now going to decide it.

"I have wondered sometimes why that is so, and I think perhaps that it is due to a greater ability presently to refrain from taking the position of an advocate as against the Patent Office Examiner.

"The conclusions at which I have arrived, I do not think will be very satisfactory to either of you. It seems to me—these patents are either all good or all bad."

(6) RESPONDENT'S MISUSE OF THE GRANT.

Prior to the issue date of the patent in suit (No. 2,048,040, July 21, 1936); Respondent, in August, 1935, began a campaign of threats *based on his patent application* to harass Petitioners' customers, and to demoralize Petitioners' business. These threats at many times lacked the character of truthfulness. This campaign (unbelievably voluminous in character) continued throughout the entire time that the litigation was in progress. This campaign was directed against *both* types of Petitioners' letters (lug-type and notched-flange type) those finally held *not* to infringe, and those held to infringe.

It is our respectful contention that a patent owner, who misuses his grant to threaten an industry into the belief of the existence of an alleged monopoly (50% non-existent and 50% doubtful) thus to eliminate competition, is not entitled to have the doubt as to the validity of his patent resolved in his favor because of claimed commercial success; more especially as the opinion of the Court shows doubt as to the features (patented or otherwise) upon which the success was based.

We show in the Appendix to this petition (pages 21 *et seq.*) certain evidence which will clearly indicate the utterly unpardonable wholesale campaign of threats which was indulged in by the patent owner (Respondent) in order to browbeat an industry. Petitioners, who also owned a patent which was involved in this litigation (though held invalid), did not indulge in any such campaign, but limited themselves to a truthful statement regarding the patent situation.*

We respectfully urge that this Court place its stamp

* (R. 195) Petitioners' advertisement in the May 1936 "Signs of the Times" announced the granting of a patent on Adler "LETTERS and FRAMES". The Adler patent No. 2,038,978 (R. 321) issued April 28, 1936 and embraced the combination of removable frames and letters.

of disapproval on this *growing tendency* to pervert the beneficent characteristics of our Patent System,—whereby to unjustly stifle competition and interfere with and harass industry and commerce. Such conduct is all the more reprehensible, when it is based on a patent whose only claim to existence rests on minutiae. That this may be clear to this Honorable Court we digress for a moment to present the patent in suit and some prior art.

PROPOSITION B.

(7) PATENT IN SUIT.

The following drawings copied from the patent in suit illustrate the subject matter embraced by the patent (Wagner No. 2,048,040):

Fig. 5

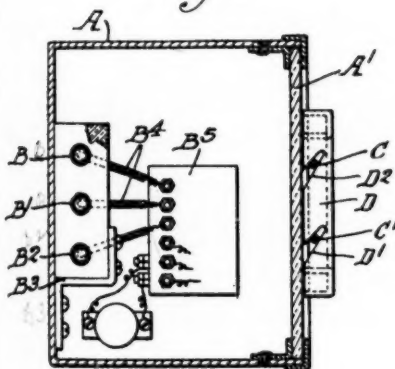


Fig. 4

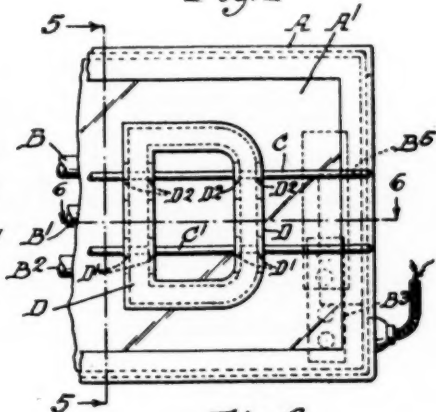
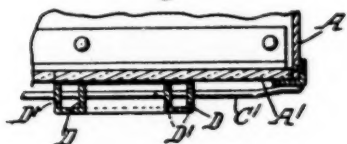


Fig. 6

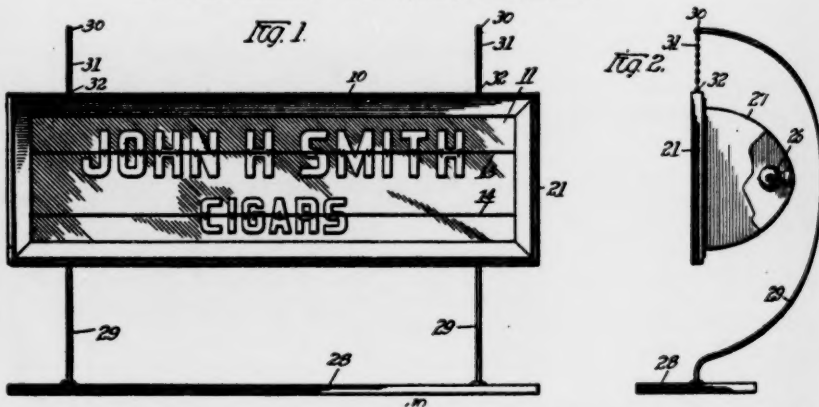


The claimed invention, broadly speaking, resides in a combination including a sign box A having one side closed by a translucent panel A¹, illuminating means B within the sign box, spaced letter supporting rods C and C¹ extending across the front of the translucent panel and spaced therefrom, and interchangeable letters D having rearwardly extending flanges, said flanges being *notched* at D¹ and D² to engage said rods. Thereby the letters are removably mounted.

The declared on claims, claims 4, 5, 6 and 8, are set forth on page 34 of the Appendix.

(8) THE PRIOR ART.

A—Bindhammer No. 1,163,638 (1915):

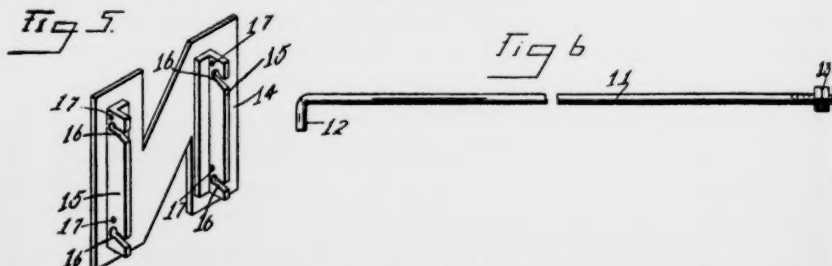


Bindhammer discloses a chargeable silhouette letter sign comprising a sign box 21 having one side closed by a translucent panel 11, illuminating means 26 within the sign box, spaced letter supporting rods 13, 14 extending across the front of the translucent panel and spaced therefrom, and interchangeable letters removably supported on said rods. This is identical to the patent in suit except that the means *on the letters* by virtue of which they are easily changed, are slightly different.

The Standish prior art letter 24 clearly discloses that "hollowing out" a letter, or providing a letter with marginal flanges, is not a new concept. Hooks 23 provide for mountability and demountability.

The Send and Standish patents were NOT CITED by the Patent Office during the prosecution of the patent in suit. In our opinion they must have been overlooked, as we cannot reconcile the issuance of the patent thereover.

(D)—Francis No. 962,630 (1910):



The Francis prior art patent further shows that it is old to mount a letter 14 on a rod 11 by means of two sets of notches 16 which notches are provided in a rearwardly extending flange 15.

The very LEAST that can be said about the above-mentioned prior art is that in view thereof the patent in suit is based on mere colorable variations thereof. The validity of the patent in suit is, at least, a DOUBTFUL question, and this the two Courts below clearly acknowledge (Proposition A). To resolve this doubt the Court of Appeals relies upon commercial success; but in our respectful opinion we feel that the Court itself did not know *which* features (infringing or non-infringing) (Respondent's or Petitioners') brought this about. May we elaborate this for a moment.

(9) ERRONEOUS CONCLUSION RE: COMMERCIAL SUCCESS.*

A careful study of the opinion of the Court of Appeals reveals uncertainty as to *which* feature of this collection of features (infringing, non-infringing,—letters, removable letter-carrying frame of Petitioners or “3 in 1” frame of Respondent) was responsible for the claimed commercial acceptance of the so-called patented sign. The Court concludes, however, that the largest measure of the commercial acceptance is attributable to the disclosure of Respondent’s patent in suit, and therefore, that the doubt as to validity of the patent should be resolved in the patentee’s favor.

To emphasize the importance of this point may we say that the other two patents with which this controversy was concerned in the Courts below (although not here involved) related to *removable letter carrying frames* which greatly facilitated the installation and maintenance of this type of sign (R. 321 and 335). Petitioners were the first to develop and use the removable frame, and Respondent adopted it. Petitioner’s patent No. 2,038,978 was the first to disclose such a removable frame, and it was further amplified in Respondent’s later patent No. 2,119,430.

The testimony of Respondent’s auditor shows that Respondent’s total sales jumped from \$56,000 in 1936 to \$133,000 in 1937 (R. 129). It was in the spring of 1937 that Respondent first announced his “3 in 1” letter mounting frame (R. 282), which frame we contended and contend is an appropriation of Petitioners’ *removable frame development*. Petitioners sold both the non-infringing *lug* type and the infringing *notched flange* type with equal facility (R. 82), so that in our opinion there is no real justification for attributing commercial success to one over the other.

* The direct testimony of Irwin Wagner, comprising some 25 pages in the Record (R. 84-109), is directed almost entirely to Respondents’ contention of commercial success.

REASONS RELIED ON FOR GRANTING THE WRIT.

While it is universally conceded that the patent system of the United States may probably be considered to be the largest individual factor responsible for the industrial and commercial supremacy of the United States, it is essential for the proper working of that system that there be no misuse of it.

As this Court is aware, the patent statutes have not been enacted for the purpose of building up fortunes for inventors, nor for the purpose of threatening innocent users,—they have been enacted “to promote the progress of science and useful arts” (U. S. Constitution, Art. 1, Sec. 8.)

Nothing can be clearer than that the progress of science is not benefited by carrying, what might possibly have been a lawful patent controversy, into the realm of industry by a campaign of threats and intimidations. Such flagrant misuse of the patent system by a patent owner should be so seriously frowned on by the Courts that doubts, which might otherwise have been resolved in favor of the validity of the patent owner's grant, should be resolved against the validity of a patent of questionable validity.

WHEREFORE, Your Petitioners respectfully pray that a Writ of Certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Seventh Circuit, commanding that Court to certify and send to this Court for its review and determination, on a day certain to be therein named, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket No. 7,043,

Adler Sign Letter Company *et al.*, Defendants-Appellants, *vs.* Wagner Sign Service, Inc., Plaintiff-Appellee, and that the said decree of the Circuit Court of Appeals for the Seventh Circuit may be reversed by this Honorable Court, and that your petitioners may have such other and further relief in the premises as to this Honorable Court may seem meet and just; and your petitioners will ever pray.

MAX W. ZABEL,

Counsel for Petitioners.

BRIEF IN SUPPORT OF PETITION.

Jurisdiction.

Petitioners would invoke the jurisdiction of this Court under Sec. 240 (a) of the Judicial Code as amended by Act of February 13, 1925, U. S. C., Title 28, Sec. 347, to review the decree of the Court of Appeals for the Seventh Circuit entered April 25, 1940 (petition for rehearing denied June 14, 1940) (R. 436) affirming the decree of the District Court (Northern District of Illinois, Eastern Division) which held Respondent's patent No. 2,048,040 valid and infringed by certain of the devices manufactured and sold by Petitioners. This Petition is presented within the time allowed by statute.

Statement.

The foregoing Petition contains a summary of the material facts, any necessary amplification of which may be had upon inspection of the Appendix to this brief. The Petition also sets forth the reasons relied on for the allowance of the Writ as well as a statement of the questions involved.

It is our respectful contention underlying this Petition, that in view of Respondents' flagrant misuse of the patent grant, as well as the prior art, the patent in suit should be held invalid by this Honorable Court, and further, that Petitioners' notched-flange type of letter does not infringe.

Specification of Errors.

The Circuit Court of Appeals for the Seventh Circuit erred:

(1) In failing to decree that the claims in suit numbers 4, 5, 6 and 8 are invalid in view of the prior art.

(2) In relying on commercial success as the basis for resolving the doubt as to the validity of the patent in favor of Respondent, the patent owner, whereas the reprehensible conduct of Respondent in maintaining an utterly unwarranted campaign of threats and intimidation throughout an entire industry disentitled Respondent to such consideration and relief.

(3) In failing to decree that Petitioners' notched-flange type of letter does not infringe any valid claims (if any) of the patent.

(4) In ordering the entry of a decree granting Respondent an injunction and an accounting.

(5) In failing to award costs to Petitioners.

ARGUMENT.

The Commercial Success Doctrine.

The doctrine is well settled in the law of patents that when the other facts of the case leave the question of invention in doubt, the fact that the subject of the patent has gone into general use and has displaced something else which had previously been employed for analogous uses, is sufficient to turn the scale in favor of the existence of invention. *Smith v. Goodyear Dental Vulcanite Co.*, 93 U. S. 486, 23 L. Ed. 952; *Krementz v. The S. Cottle Co.*, 148 U. S. 556, 560, 37 L. Ed. 558; *Topliff v. Topliff*, 145 U. S. 156, 36 L. Ed. 658; *The Barbed Wire Patent*, 143 U. S. 275, 284, 36 L. Ed. 154; *Magowan v. New York, etc., Packing Co.*, 141 U. S. 332, 35 L. Ed. 781; *Gandy v. Main Belting Co.*, 143 U. S. 587, 36 L. Ed. 272; *Keystone Mfg. Co. v. Adams*, 151 U. S. 139, 38 L. Ed. 103.

It is our contention that the above doctrine must, because of the growing tendencies referred to, be modified to the extent that general use or so-called commercial success is not available to "turn the scale" in those doubtful cases, where the patent owner has been guilty of a misuse of the grant.

Proposition A.

We set forth in the Appendix, pages 21 *et seq.*, certain correspondence which shows the character of the campaign of threats and intimidation indulged in by Respondent in his effort to browbeat an industry and to wrongfully eliminate competition. In the notes ap-

pended thereto we specifically call attention to certain statements which bear out our contentions in this respect.

As is customary in these cases where the patent grant is used for purposes of intimidation, Respondent began his barrage of threats (totally unwarranted at least to the extent of one-half of Petitioners' *letters* and *all* of the mounting frames—the Court of Appeals held Petitioners' lug type letter non-infringing and held Respondent's letter carrying frame patent invalid) during August, 1935 (R. 117) roughly eleven months *before the issue* of the patent in suit. There was no interruption to this campaign from then on, yet, though his patent issued during July, 1936, he brought no suit until February, 1938 (R. 2).

The Court may feel that an oppressed party should, in a case of this kind, resort to injunction proceedings in order to bring about a cessation of the complained of campaign. In actual practice such procedure fails to effect the desired result. Respondent had many salesmen, and a mere *oral* threat by them would be and was sufficient to cause irreparable injury. Customers to whom such threats are made are unwilling to testify. Where, as here, the campaign is nation-wide, the cost of marshalling such evidence is prohibitive. The greatest difficulty is that the threats are disseminated and have accomplished their deadly purpose before that amount of evidence can be collected which would be necessary to furnish a proper basis for injunction proceedings. The one against whom such a campaign is leveled is helpless. The very first widely distributed letter may have been enough to cause irreparable injury, and yet we are convinced that no Court would act merely on the evidence of *one* such letter.

In particular, certain of the letters gave notice to the trade that suits were *being prosecuted against mere users*, customers of Petitioners. The fact is, that at the time of

those letters, *no* suits were pending against *any* litigation—threatened user. The injurious effect of such statements on competition, and the free flow of commerce although hard to measure, is nevertheless easily visualized. Competition is quickly destroyed when customers are threatened with a dreaded patent suit.

We believe it proper to point out that the campaign is continuing even after the entry of the decree granting an injunction and an accounting. The only possible reason we can see for this further harassment of Petitioners' customers (mere users) is an overwhelming desire on the part of Respondent to eliminate all competition. We respectfully submit that the Patent Laws do not grant a license for conduct of this character.

Where the articles in question are small (articles of manufacture in this case),* and where the patent owner derives his benefits from the commercialization by his profits due to the *manufacture* and *sale*, there can be no recovery against a mere user, if the judgment against the infringing manufacturer is satisfied.

There can be no question as to Petitioners' ability to satisfy the amount which is liable to be assessed against them in the accounting proceedings. A supersedeas bond** in the sum of \$9,000 is on file in the District Court (R. 305), and in addition thereto, Petitioners have insurance policies to indemnify against loss because of infringement of the Wagner patent (R. 134). The Court of Appeals held that only one-half of Petitioners' letters infringed (the District Court held both types infringements), hence the supersedeas bond is doubly ample.

* The Court will remember that the *frame* patents were held invalid, and the Court (R. 447) says: "We hold, therefore, Wagner's first patent valid and that Adler's letter of the notched flanged-type infringes, but that Adler's letter of the lug-type does not infringe."

** Federal Rules of Civil Procedure, Rule 73 (d) SUPERSEDEAS BOND. "—The bond shall be conditioned for the satisfaction of the judgment *in full* together with costs, interest, and damages for delay,—"

Yet, despite all of this, Respondent has, since the entry of the decree in this litigation, filed a suit against a mere user, a customer of Petitioners,—in the *same* jurisdiction, the Seventh Circuit. This suit is entitled as follows:

IN THE UNITED STATES DISTRICT COURT

Northern District of Illinois,

Eastern Division.

Wagner Sign Service, Inc.,	} Civil Action No. 1880.
<i>Plaintiff,</i>	
<i>vs.</i>	
Midwest News Reel Theatres,	
Inc.,	} Defendant.

Proposition B.

We feel that the facts set forth in the Petition in connection with the prior art make further discussion as to doubt of the validity of the patent unnecessary. Sufficient to say that unfortified by erroneous conclusions based on commercial success, the patent is invalid because of prior art.

Respectfully,

MAX W. ZABEL,

Counsel for Petitioners.

STATE OF ILLINOIS, }
 COUNTY OF COOK. } ss.

MAX W. ZABEL, being duly sworn, deposes and says that this Petition for Writ of Certiorari is presented in good faith, that he believes it to be sound in law and fact, and that it is not presented for purposes of delay.

Subscribed and sworn before me this day of
 Sept., 1940.

.....
Notary Public.

My commission expires

APPENDIX.

Correspondence.

The following correspondence indicates the nature and partial extent (the total extent is of course impossible to determine) of Respondent's campaign of threats and intimidation. In view of the reluctance of recipients of such letters to give them up, because of their unwillingness to become involved in a controversy, it is proof of the magnitude of the campaign that we were able to collect as many as we do have. The correspondence is identified by Exhibit number and Record page. We append to each letter certain comments, indicating the utterly unwarranted and, in some cases, the untruthful statements contained in such letters. Most of these letters are form letters, broadcast throughout the entire industry.

Defendant's Exhibit No. 22.

Record, page 267.

(Letterhead of George A. Auer.)

CHICAGO, August 24, 1935.

Registered.

Ben Adler Signs
343 South Dearborn Street
Chicago, Illinois

GENTLEMEN:

It has come to the attention of Mr. E. Wagner of the Wagner Sign Service Comp. Inc., 216 South Hoyne Street, Chicago, that you are manufacturing and distributing Signs which are outright copies of certain structures invented and originated by him and on record in pending applications before the Patent Office. One such signs allegedly installed by you is at the moment in operation at

the South Town Theatre of Balaban and Katz. This sign represents an outright infringement on the rights of Mr. Wagner.

Accordingly I have today notified Balaban & Katz of this infringement, and I herewith notify you, calling to your attention the facts involved. Mr. Wagner will prosecute his rights to the fullest extent, at the proper time, and, if infringement is persisted in, he will take the necessary steps and hold you and all users of his sign structure fully liable and accountable for damages.

A copy of my letter to Balaban & Katz is enclosed for your information, which, I believe will be self-explanatory.

Trusting that you may in fairness to all concerned realize the seriousness of infringement and the consequences resulting therefrom, and discontinue making and/or installing or using Mr. Wagner's structure, and asking you to be good enough and acknowledge receipt of this letter and notify me of your intentions in this matter, I am

Yours very truly,

GEORGE AUER.

G:L

cc: Mr. Immerman, Balaban & Katz
and to
Wagner Sign Service Inc.

NOTE: This letter by Respondent's then patent attorney is dated Aug. 24, 1935, approximately *eleven months before* the issue date of Respondent's patent. The statement that the sign "presents an outright infringement" is, therefore, totally unwarranted. It will be noted that a similar statement was sent at this time to Balaban & Katz, a mere user.

Defendant's Exhibit No. 21.

Record, page 265

(Letterhead of George A. Auer.)

CHICAGO, August 27, 1935.

*Ben Adler Signs**343 South Dearborn Street**Chicago, Illinois*

GENTLEMEN :

Referring to my letter to you of August 24, 1935, wherein I called to your attention that the sign structure which you installed for Balaban & Katz in Chicago constitutes infringement on the sign structure invented and originated by Mr. Erwin Wagner of Wagner Sign Service, Inc., Chicago, I regret that I must notify you in addition to the charge made in my previous letter, that the sign structure which you allegedly installed at the Alger Theater at Detroit, Michigan, is also an outright copy of Mr. Wagner's structure and thus represents additional use of Mr. Wagner's structure and infringement of his rights.

I am sending you enclosed a copy of a letter which I have today written to the United Detroit Theaters, Madison Theater Building, Detroit, Michigan, calling their attention to the true facts in connection with the sign which they are using at the Alger Theater and which, I am informed, was installed by you.

As I have said in my previous letter to you, Mr. Wagner will at the proper time proceed against infringers of his rights and you will therefore see the advisability of discontinuing infringement. Of course, you must have been aware that patent protection was applied for by Mr. Wagner on his structure because the signs manufactured and distributed by Mr. Wagner all bear the notice that Mr. Wagner has patent applications pending. It seems that this public notice alone should have been sufficient to bring to your attention the fact that you are committing infringement in copying Mr. Wagner's structure and distributing it.

/

I trust that you will discontinue infringement in fairness to all concerned and that you will notify me of your intention to do so.

Yours very truly,
GEORGE AUER.

GAA:RT

cc: United Detroit Theaters
Madison Theater Building
Detroit, Mich.

NOTE: The date of this letter is August 27, 1935. Here again is a statement of infringement although the patent had not as yet issued. Furthermore, it is obvious that neither Ben Adler Signs nor the threatened users could have had any knowledge as to the subject matter of the alleged pending *patent application*. This letter, like the preceding one, alleges copying on the part of Petitioner, but the Court may readily see from illustrations herein that Petitioner's letters do not simulate the patented letter. Respondent itself emphasizes the differences in its advertising. (R. 249, 251, 257, 273, 275, 281, and 285.)

Defendant's Exhibit No. 20.

Record, page 265.

(Letterhead of Wagner Sign Service, Inc.)

CHICAGO, ILL., July 25, 1936.

*National Theatre Supply Co.,
725 W. Wells St.,
Milwaukee, Wis.*

GENTLEMEN :

You will find enclosed a copy of our patent on our letters promised to you.

Read this patent carefully as claims 1, 8 and 9 are quite broad and cover a number of infringers, including Adler.

Yours truly,

WAGNER SIGN SERVICE, INC.,
E. W. L.
E. WAGNER,

Pres.

EW:L

Enc.

NOTE: If such a letter as the above is sent only in isolated instances, and not as part of a campaign, then it would be clearly within the patent owner's right. Such letters were also directed to users of petitioner's non-infringing *lug* type letter.

Defendant's Exhibit No. 18.

Record, page 263.

(Letterhead of Wagner Sign Service, Inc.)

CHICAGO, ILL., July 27, 1936.

*Mr. Lou Reinhiemer,
910 S. Michigan Ave.
Chicago, Illinois*

DEAR SIR:

We are informed that you are using in your establishment an illuminated sign comprising a display panel with illuminating means in back of it and silhouette letters removably placed in front of the panel whereby the letters are displayed in clear and sharp silhouette.

The structure is covered in our patent #2,048,040, issued July 21, 1936. We are enclosing a copy of our patent, calling your attention to all claims.

This sign and letter structure was originated by us, as you will see from the original filing date noted on the patent as *February 16, 1934*.

All structures marketed by us carried and carry the public notice, "Patents Pending."

The structure used by you constitutes infringement of our patent rights which we intend to prosecute to the full extent of the law.

Please let us know by return mail your reactions and attitude in this matter.

Yours very truly,

WAGNER SIGN SERVICE, INC.,

E. WAGNER,

E. WAGNER,

Pres.

EW:L

Encl.

NOTE: The first paragraph of this letter is obviously not a truthful definition of Respondent's invention as claimed in the patent, but is broad enough to include the prior Bindhammer device (See p. 8), as well as the non-infringing *lug* type sign of Petitioners.

Defendant's Exhibit No. 16.

Record, page 262.

(Letterhead of Wagner Sign Service, Inc.)

CHICAGO, ILL., August 19, 1936.

Western Artkraft Sign Co.
1542 Broadway,
Denver, Colorado

GENTLEMEN :

You will find enclosed a copy of our patent on attraction letters, and we wish for you to specifically read claims #1, 8, and 9. Study these claims carefully, as we have an imitator who is advertising that he has patents—and yet he *does* violate these claims which were applied for, long prior to his entering this field.

Yours very truly,

WAGNER SIGN SERVICE, INC.,
 E. WAGNER,
 E. WAGNER,

Pres.

EW:S

Defendant's Exhibit No. 13.

Record, page 260.

(Letterhead of Wagner Sign Service.)

CHICAGO, May 28, 1938.

Messrs. Berger & Nemes,
Ideal Theatre
2207 S. 6th St.,
Philadelphia, Penna.

GENTLEMEN :

Our Mr. Herzog has reported that you have secured from the Apex Sign Company, Adler letters that are in violation of two of our patents.

I am quite sure that in securing these letters you will have specified the new Multiple type operation, and I wish to warn you that Adler is infringing 100% on our patent

#2119430, and that suits in this manner are being filed against the customer, not against Adler Sign Letter Co., inasmuch as we are already suing Adler on our other patent.

Mr. Adler's patent insurance at no time has covered against this new patent, and whether or not it is valid today it still would not apply to your case, and not in one iota protect you against our suit.

Inasmuch as it is our desire to collect money from the actual offender, who is Adler or Apex Signs, I would advise that you secure a bond for at least 100% of the value of this job, as without it you are liable to considerable damages.

Very truly yours,

WAGNER SIGN SERVICE, INC.,

E. WAGNER,

E. WAGNER,

Pres.

EW:L

(Customer Request Return.)

NOTE: In paragraph one, the claim is made that Petitioners' signs infringe *two* of Respondent's patents. However patent #2,119,430 was held invalid. At the date of this letter to a mere user, Respondent had not filed suit against a customer of Petitioners'. The statement in reference to Petitioners' patent insurance is utterly unwarranted. The last paragraph is a clear indication of the unwarrantedly *threatening* tenor of Respondent's letters to the trade.

Defendant's Exhibit No. 14.

Record, page 261.

(Letterhead of Wagner Sign Service, Inc.)

June 20th, 1938.

*National Patent Corp.,
135 So. LaSalle St.,
Chicago, Ill.*

Attention: Mr. H. S. Rhett.

DEAR MR. RHETT:

The enclosed advertisement was noted in the Philadelphia-National Exhibitor of June 20th and inasmuch as we are suing Adler's customers on our new patent infringement we are interested in knowing whether or not you are giving him coverage against this patent.

Also, as you probably know, if he is misrepresenting, this is a case for the postal authorities.

Yours very truly,

WAGNER SIGN SERVICE, INC.,

E. WAGNER,

E. WAGNER,

Pres.

EW/D

NOTE: This Wagner letter to Adler's patent protection insurance company is *dated prior* to the institution of any suit against a customer of Petitioners. The last paragraph implies a criminal charge against Petitioner. The letter aims to destroy competition by destroying Petitioners' credit and good name. Respondent, himself, used this type of patent protection. (R. 243.)

Defendant's Exhibit No. 12.

Record, page 259.

(Letterhead of Wagner Sign Service)

CHICAGO, July 2nd, 1938.

*Charles Lee, Architect,
1648 Wilshire Blvd.,
Los Angeles, Calif.*

DEAR SIR:

My attention has been called to the fact that you have been recommending Adler letters and I wish to call your attention to the following facts, we were the originators of this type of silhouette letter and of course, have been imitated by Adler. We are suing him at this time on our original Patent which he is violating on all his structures.

In addition to the above we have recently designed a 3-in-1 or glass and frame construction upon which we have obtained eighteen good solid claims in our patent number 2119430. This patent creates a possibility of using our large multiple opening as per the enclosed folder, and all modern theatre marquees are being built in this manner as you can see from our installations in and around your territory. It is true that Adler has seen fit to duplicate this structure but he is doing so at the customers risk as we are suing customers direct on this patent, and no patent insurance has been obtained by the Adler Company or any one else, and I am informed that it can not be obtained against this new patent.

After looking over our literature I trust that you will see fit to recommend our letter as I am sure you will not wish to recommend ideas that are two or three years old.

Very truly yours,

WAGNER SIGN SERVICE, INC.

E. WAGNER.

E. WAGNER,

President.

EW:JH
Encl.

NOTE: Here is an unqualified statement that Petitioner is infringing "on all his structures". The Court will remember that only one-half of Petitioner's letters were held to infringe Respondent's patent. At the date of this letter no suit had been filed against a customer of Petitioner's.

The Court will appreciate the intimidating effect of these *form* letters wherein it is stated that suits are pending or are to be brought against customers.

As shown by the following letter, even Respondent's attorneys enlisted in this campaign of threats:

Defendant's Exhibit No. 23.

Record, page 268.

(Letterhead of Williams, Bradbury, McCaleb & Hinkle)*

CHICAGO, October 18, 1938.

*Blumfeld Theatre Circuit,
25 Taylor Street,
San Francisco, Calif.*

GENTLEMEN :

Re: Wagner Patent No. 2,048,040
dated July 21, 1936

and

Garner, *et al.* Patent No. 2,119,430
dated May 31, 1938

GENTLEMEN :

We are writing this letter in behalf of Wagner Sign Service, Inc. of this city, the owner of the above mentioned United States Letters Patent relating to silhouette letter signs.

It has come to the attention of our client that Adler

* This letter was sent by registered mail, return receipt requested.

Sign Letter Co., by Mr. B. H. Adler or some other of its representatives, has been offering to sell you a silhouette letter sign (*i. e.*, a sign comprising letters having notched flanges mounted on horizontal rods carried by the frames of the illuminated glass panels in front of which the letters are disposed), which we and our client regard as a clear infringement of each of the aforesaid Letters Patent.

Please be advised that suits under the above mentioned patents are now pending against Adler Sign Letter Co. *et al.*, in the Federal Court here in Chicago, and that the Patio Theatre Co., a purchaser and user of an Adler silhouette letter sign, also has been sued, under both of said Letters Patent, in the Federal Court here in Chicago.

We believe that these suits will be tried and disposed of before the first of the year. It is entirely possible that the pendency of these suits here in Chicago, and the likelihood of decisions therein in the not far distant future, may account for the recent and present strenuous efforts of Adler Sign Letter Co. to dispose of its silhouette letter signs on the far west coast.

We suggest that you familiarize yourselves with these patents and refrain from acquiring, from anyone other than Wagner Sign Service, Inc., any silhouette letter sign of a kind covered by these Letters Patent, or either of them. Our client's west coast representatives have reported that agents of Adler Sign Letter Co. are attempting to impart to their prospective customers some sense of security against the herein mentioned patents by referring to a certain damages only contract which Adler Sign Letter Co. is said to have negotiated with a Eastern casualty company. The "joker" with respect to such a damages only contract may be and frequently is just this: It promises and undertakes to pay damages assessed by a court against a customer of a manufacturer whose product may be charged to infringe Letters Patent. But it does not undertake to hold such a customer harmless against pecuniary loss and inconvenience which he or it suffers because restrained by injunction from using the merchandise which he has purchased and with respect to which he is said to have been given protection. The "damages" referred to in such a damages

only contract are something quite different from loss resultant from inability to use merchandise because of the issuance of an injunction in a patent suit. And it is injunctive relief which manufacturers operating under patents almost invariably seek when they deem it necessary to sue the user of an infringing product sold by a competitor.

Yours very truly,

WILLIAMS, BRADBURY, McCALEB & HINKLE
WILLIAMS, BRADBURY, McCALEB & HINKLE

Registered Mail
Return Receipt

This letter was also sent to the following customers of Adler (R. 270). (We do not speculate as to the number of other recipients):

Golden State Theatres,
25 Taylor Street,
San Francisco, California.

T. & D. Jr. Enterprises,
25 Taylor Street,
San Francisco, California.

United Theatre Equipment Co.,
25 Taylor Street,
San Francisco, California.

NOTE: The competition-destroying nature of the campaign conducted by Respondent is found in these letters disseminated to the trade by *Respondent's patent attorneys*. We can see no possible reason for these letters other than purposes of harassment, intimidation, and an attempt to destroy competition by unlawful means. They are all the more insidious because seemingly sent under the *guise of a lawful right*.

Claims in Suit.

4. A sign device of the class described comprising, an opaque receptacle, a translucent display panel closing the side thereof, a plurality of light sources arranged within the box remote from the panel for illuminating said panel, a plurality of characters having the visual surface thereof parallel with the panel and flanged about their periphery, and means for holding said characters in position in front of the panel with the rearmost boundaries of the flanges immediately adjacent thereto, said means comprising supporting rods in front of the panel, the flanges being notched to engage said rods.

5. An illuminated sign comprising, a display panel, a light source for illuminating said panel, and a character consisting of an integral substantially rigid body of substantial thickness having an unbroken uniformly finished face, substantially contiguous marginal flanges projecting peripherally from said face toward the back thereof and being integral therewith, and included notches in said flanges whereby said character may be individually and independently mounted in front of said display panel.

6. A sign comprising, in combination, a display frame, relatively thin stationary supporting rods disposed in said frame and extending horizontally thereto, and character means carried by said rods, each of said character means consisting of an integral substantially rigid body of substantial thickness and weight having an unbroken substantially uniformity finished face, integral substantially contiguous flanges projecting from said face uniformly toward the back thereof, and notches in said flanges for engaging said supporting rods in locking engagement therewith, whereby each of said character means may be independently and individually attached to and removed from said supporting rods.

8. An illuminated sign comprising, in combination, an opaque receptacle, a translucent display panel closing the side thereof, illuminating means disposed in said receptacle in back of said panel and spaced therefrom whereby said panel is substantially evenly and uniformly illuminated rod-like mounting means disposed in front of said panel substantially parallel thereto and substantially uniformly spaced therefrom, and specific shaped character

means individually and independently removably and exchangeably secured on said mounting means in front of said panel in perpendicular sliding relation relative to said mounting means, said character means comprising, an opaque body having a visual face disposed substantially in parallel with said panel but spaced therefrom when said character is secured in front thereof, and peripheral substantially contiguous flanges projecting substantially uniformly from said face toward the back thereof, the rearmost boundaries of said flanges being disposed immediately adjacent said panel when said character means is mounted in front thereof, whereby said character means appears in sharp and substantially clearly defined silhouette outline against said uniformly illuminated panel.

The Constitutional Provision.

United States Constitution, Art 1, Sec. 8:

The Congress shall have power * * * to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Rule 22, C. C. A. 7th Circuit

Rehearing.

Printed petition for rehearing may be filed within 15 days after entry of judgment, and shall be served forthwith by copy upon the opposing party, who within 10 days from such service, may file a printed answer, and the petition shall be determined without oral argument unless otherwise ordered. Thirty copies of such petition and answer shall be filed with the clerk of this court.

FILED
DEC 4 1940

CHARLES ELMORE CROPLEY
CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

**MOTION FOR LEAVE TO FILE OUT OF TIME A PETITION FOR
REHEARING OF A PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE
SEVENTH CIRCUIT.**

ARTHUR A. OLSON,
Attorney for Petitioners.

ALBERT F. MECKLENBURGER.
Of Counsel.

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No.

BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
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vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

**MOTION FOR LEAVE TO FILE OUT OF TIME A
PETITION FOR REHEARING OF A PETITION FOR
WRIT OF CERTIORARI TO THE UNITED STATES
CIRCUIT COURT OF APPEALS FOR THE
SEVENTH CIRCUIT.**

*To the Honorable the Chief Justice of the United States
and the Associate Justices of the Supreme Court of the
United States:*

Now come petitioners in the above entitled case and move for leave to file out of time their Petition for Rehearing (lodged herewith) upon their Petition for Writ of Certiorari to the Circuit Court of Appeals for the Seventh Circuit.

In support of this Motion, petitioners show:

That since the entry of the order by this Honorable Court on October 28, 1940, denying the Petition for Cer-

tiorari, petitioners have engaged other counsel, who immediately upon their employment diligently began the necessary reading and studying of the record, briefs and patents involved in this litigation. It was also necessary for present counsel to engage and instruct accountants to prepare the account ordered by the Master in this case and to appear in court to move for an extension of time within which to file the required report. In addition, counsel was required to study the Petition for Certiorari to determine if said petition properly presented the grounds for certiorari and finding that it did not, to prepare a petition for rehearing. Under these circumstances it was practically impossible to properly prepare and present the present Petition for Rehearing within the time counsel was retained and the expiration of the twenty-five (25) day period provided for in Rule 33, all of which is shown by the annexed affidavit of Albert F. Mecklenburger.

That the manufacture and sale of the devices involved in this case are confined to the parties in this litigation, consequently there is little, if any, possibility that another Circuit Court of Appeals will ever be afforded the opportunity of passing upon the patent in suit. These circumstances take this case outside the general rule requiring a conflict of decisions as a prerequisite to the grant of a writ of certiorari in patent cases, and bring it directly within the rule of *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U. S. 47, 50.

That the spark of genius which distinguishes invention from mere mechanical skill is wholly absent from the patent in suit. This lack of inventive genius was the cause of concern to the District Court and to the Circuit Court of Appeals, both of which expressed their doubts as to the validity of the patent.

That the Petition for Writ of Certiorari and the Petition for Rehearing thereon are meritorious, and in the interest

of justice this Honorable Court should not refuse to review this case at this time.

Wherefore, it is prayed that leave be granted Petitioners to file their Petition for Rehearing (lodged herewith) of their Petition for Writ of Certiorari.

BEN ADLER SIGNS, INCORPORATED,
ADLER SIGN LETTER COMPANY, INCORPORATED,
Petitioners.

ARTHUR A. OLSON,
Attorney for Petitioners.

ALBERT F. MECKLENBURGER,
Of Counsel.

It is hereby certified that the foregoing Motion for Leave to File Petition for Rehearing is believed to be well founded in law and in fact, and that it is not interposed for the purpose of delay.

ARTHUR A. OLSON.

AFFIDAVIT OF ALBERT F. MECKLENBURGER.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

ALBERT F. MECKLENBURGER being first duly sworn deposes and says:

I am one of the senior members of the law firm of Thiess, Olson & Mecklenburger with offices at 77 West Washington Street, Chicago, Illinois.

Some time after Petition for Certiorari was denied by this Honorable Court, my firm was retained by Ben Adler Signs, Incorporated, and Adler Sign Letter Company, Incorporated, as their counsel in the case of Wagner Sign Service, Incorporated *vs.* Ben Adler Signs, Incorporated, and Adler Sign Letter Company, Incorporated.

Since my firm has been employed, I have been in direct charge of all matters pertaining to this case and I have been diligently engaged in reading and studying the record, briefs and patents involved in this litigation. A number of other matters of importance in this case were pressing. Defendants were under order to account and it was necessary for me to engage a firm of accountants and instruct them in the manner and form of the account. This required much time and effort. It was also necessary for me to appear in court to move for an extension of time to file the required report.

It was necessary also to make a study of the Petition for Certiorari to determine if said Petition properly presented the grounds for certiorari, and finding that it did not, to prepare a Petition for Rehearing.

In the circumstances it was practically impossible in the short period between the time my firm was retained in this matter and the expiration of the twenty-five (25)

day period provided for in Rule 33 of this court to properly prepare and present the present Petition for Re-hearing.

ALBERT F. MECKLENBURGER.

Sworn and subscribed to before me this 29 day of November, A. D. 1940.

EILEEN M. DAVIS,
Notary Public.

My commission expires April 27, 1944.

DEC 13 1910

CHARLES ELMORE CROPLEY
CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

BRIEF FOR RESPONDENT

in opposition to

(a) FILING OUT OF TIME OF PETITION FOR RE-
HEARING

and

(b) PETITION FOR REHEARING OF PETITION FOR
CERTIORARI DENIED OCTOBER 28, 1940.

ALBERT G. McCaleb,
Counsel for Respondent.

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

BRIEF FOR RESPONDENT

in opposition to

(a) **FILING OUT OF TIME OF PETITION FOR RE-
HEARING**

and

(b) **PETITION FOR REHEARING OF PETITION FOR
CERTIORARI DENIED OCTOBER 28, 1940.**

MAY IT PLEASE THE COURT:

The motion for leave belatedly and out of time to file a
Petition for Rehearing of the Petition for Writ of Cer-
tiorari should be denied because

1. The petition for rehearing was presented forty-two
(42) days after your Honors denied the petition for writ
of certiorari on October 28th last. Petitioners had not
made any previous application for enlargement of the

twenty-five (25) day period which Rule 33 of this Court allows for the filing of petitions for rehearing.

2. Delay, whenever and howsoever it may be accomplished, is a fixed policy and habit with the petitioners. For examples: The decision of the Circuit Court of Appeals was rendered on April 25, 1940 (Tr. p. 436). Petitioners filed a petition for rehearing in the Circuit Court of Appeals on May 10, 1940,—on the very last day allowed for that purpose by the rules of the Circuit Court of Appeals (Tr. p. 449). The Circuit Court of Appeals denied rehearing on June 14, 1940* (Tr. p. 450). Petitioners did not file their petition for writ of certiorari in the Supreme Court until September 12, 1940,—just two days short of the three months in which it was legally permissible to file such petition for writ of certiorari. In the light of the record we submit that petitioners are not entitled to have the rules of the Supreme Court suspended in order to permit them belatedly, and out of time, to petition for rehearing of the denied petition for writ of certiorari.

3. The practice of filing petitions for rehearing of denied petitions for the writ of certiorari is not one to be *encouraged*. Certainly the practice of belatedly, and out of time, submitting such petitions for rehearing is one which deserves summary and emphatic *discouragement*.

4. Present counsel for petitioners, offering their allegedly recent retainer in this litigation as an excuse for the belated submission of the Petition for Rehearing, have not been entirely frank with the Court. Counsel imply that they were very recently retained in the litigation, but carefully refrain from saying *when*** retained.

* Transcript erroneously says June 15th, 1940.

** We for respondent know that present counsel for petitioners were retained in this litigation at least as early as November 6, 1940. Mr. Benjamin H. Adler, owner and principal executive of petitioners, has made affidavit to the effect that the firm of accountants, which Mr. Mecklenburger says he, Mecklenburger, retained (Mecklenburger affidavit p. 4, paragraph 3) were "employed * * * on November 6, 1940" after doing some preliminary work beginning "on or about October 25, 1940."

The Petition for Rehearing of the Petition for Writ of Certiorari should be denied because

1. Both the motion for leave belatedly to file the Petition for Rehearing and the affidavit of counsel accompanying such motion indicate that, in the opinion of counsel for petitioners, grounds for certiorari were not "properly presented" by the heretofore denied petition for writ of certiorari. (See motion, p. 2, lines 10 and 11; affidavit, p. 4, line 4 from bottom.) Thus counsel for petitioners seem to agree with your Honors, and respondent, that the petition for writ of certiorari deserved to be denied. If the so-called petition for rehearing renders the unmeritorious petition for writ of certiorari meritorious, such petition for rehearing, despite its name, is in reality a second petition for writ of certiorari,—i. e., a second petition for writ of certiorari which is self-denying because presented nearly six (6) months after the denial of rehearing by the Circuit Court of Appeals on June 14, 1940.

2. The Petition for Rehearing says:

"The Circuit Court of Appeals for the Seventh Circuit found the Respondent's earlier patent only was valid and infringed but also *expressed doubt* as to the correctness of that finding." (Italics ours.) Petition, p. 2.

This is a gross misrepresentation of what was expressed by the Circuit Court of Appeals. The Circuit Court of Appeals, in its opinion, said:

"We must admit that at the *commencement* of our study of this patent in connection with the prior art, we were dubious concerning its validity, occasioned, no doubt, by the apparent simplicity of the construction disclosed. *More* careful consideration, however, *leads us to the opposite conclusion*. A study of the testimony is rather *convincing* that the industry, for many years, had labored under the handicap of unsatisfactory signs, and as the prior art amply discloses, much ef-

fort was exerted to remedy the situation. Numerous devices were recommended, tried, and largely abandoned. That the silhouette sign, such as described by Wagner, met with hearty response on the part of theatre owners, is hardly open to question. They generally have supplanted the numerous letter advertising devices which had been theretofore employed. *This situation is rather persuasive to the effect that the patent describes an invention of merit.* The presumption of validity which attaches to its issuance, as well as the finding of the court below in favor of validity, supports our conclusion that it is valid." (Italics ours.) Tr. p. 440.

3. Petitioners (corporate cloaks for the sign manufacturing and selling activities of Benjamin H. Adler) are the *only* sign manufacturers who have been unscrupulous enough to infringe the Wagner patent. Petitioners argue in effect that such circumstances requires the issuance of the writ of certiorari, despite that this is an ordinary patent case presenting only the usual issues of invention, breadth of claims, and infringement. Apparently petitioners regard it as unthinkable that the Supreme Court ever should escape the burden of passing upon the validity and scope of any patent adjudged valid and infringed by inferior courts. Your Honors are told that if you do not elect to review the Wagner patent now, you may never get another chance. If infringing manufacture and sale of Wagner's new kind of sign is likely to have stopped with Adler (and that should be a possibility if respect for court decisions and patent property continues to exist in this country) such likelihood augers against the suggestion that your Honors should be required to review this very ordinary patent case.

4. Petitioners' suggestion that respondent plans to institute a multiplicity of suits against sign users is entirely unjustified. Obviously no infringement suit against the user of any given theatre sign could net respondent even

a fraction of the unavoidable expense of the litigation. The one suit instituted against a sign user which is mentioned by petitioners, in both the petition for writ of certiorari and in the petition for rehearing thereof, is the suit against Midwest News Reel Theatres, Inc. That action, which respondent was compelled to institute in order to enjoin a particularly prominent, damaging and vexatious infringement of the Wagner patent, has proceeded only to the stage where the defendant has taken an appeal against a decree awarding the patent owner a preliminary injunction (suspended pending appeal). Nevertheless, that action already has cost the patent owner, in court costs and attorney's fees, moneys which aggregate many times the maximum money judgment which can be recovered from the user of the infringing sign on any theory.

5. Neither the case of *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U. S. 47, 50, nor any other case cited by petitioners, requires or would justify a rehearing of the petition for certiorari heretofore denied by your Honors. In no sense is the theatre sign industry concentrated in Chicago, or the Seventh Circuit, or in any particular ones of the federal judicial circuits.* Wherever, throughout the United States, there is any considerable volume of theatre sign business to be had, there you will find makers, sellers and servicers of such signs. The nature of the sign business and freight rates make this so. The fact that petitioners and respondent, small companies, happen to be located in the City of Chicago, does not mean that the theatre sign industry, or any substantial part of it, is concentrated in the Seventh Circuit. It so happens that Mr. Benjamin H. Adler, who owns and operates petitioners, lives in Chicago, and there saw and chose to imitate the sign of the Wagner patent. Of the hundreds of per-

* As your Honors know New York (Second Circuit) and Hollywood (Ninth Circuit) contain most of the executive heads and purchasing agents of "show business." Nevertheless the theatre sign business is widely scattered over the nation.

sons and concerns engaged in the sign business throughout the United States, he is the only one who is unscrupulous enough slavishly to copy the Wagner sign and, by so doing, infringe the Wagner patent.

Respectfully submitted,

ALBERT G. McCALEB,
Counsel for Respondent.

Chicago, Illinois,
December 12, 1940.

*Petition for
rehearing
same.*

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED,
Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,
Respondent.

PETITION FOR REHEARING OF A PETITION FOR WRIT OF
CERTIORARI TO THE CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT.

ARTHUR A. OLSON,
Counsel for Petitioners.

ALBERT F. MECKLENBURGER,
Of Counsel.

IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1940.

No. _____

BEN ADLER SIGNS, INCORPORATED, AND ADLER
SIGN LETTER COMPANY, INCORPORATED,

Petitioners,

vs.

WAGNER SIGN SERVICE, INCORPORATED,

Respondent.

PETITION FOR REHEARING OF A PETITION FOR
WRIT OF CERTIORARI TO THE CIRCUIT COURT
OF APPEALS FOR THE SEVENTH CIRCUIT.

*To the Honorable the Chief Justice of the United States
and the Associate Justices of the Supreme Court of the
United States:*

Respondent brought suit against Petitioners and one of their customers for alleged infringement of two patents¹ pertaining to silhouette signs used on the marquees of moving picture theatres. Petitioners in turn sued Respondent for alleged infringement of their patent² relating also to such signs. The cases were consolidated for trial. Only the earlier of Respondent's two patents is involved in this Petition.

The Trial Court³ held all of the patents valid and infringed but expressed grave doubt as to the correctness of said ruling. The Court further expressed the opinion

1. Nos. 2,048,040 and 2,119,430.

2. No. 2,038,978.

3. The District Court of the United States, Northern District of Illinois, Eastern Division.

that "these patents are either all good or all bad" (R., 180, Petition for Certiorari, p. 5).

The Circuit Court of Appeals for the Seventh Circuit found the Respondent's earlier patent only was valid and infringed but also expressed doubt as to the correctness of that finding (R., 440, Petition for Certiorari, p. 4).

On October 28th last, this Court denied Petition for Certiorari.

There is no conflict of decisions as between different Circuits on the question of the validity and infringement of the patent. Other than the parties to this litigation, however, practically no one else is engaged in the manufacture and sale of signs of the type involved. In this situation, there is only the remotest possibility that any other Circuit Court of Appeals will ever be afforded the opportunity of passing upon the validity of this patent.

The amount of the investment involved in any single sign is small. It does not exceed a few hundred dollars, as appears from advertisements of record (R., 249). Furthermore, the Respondent does not derive its profit from the use but from the manufacture and sale of signs. Accordingly, there could be no recovery against a user of Petitioners' signs.⁴

If suit were brought against such user in another Circuit, the defendant could not afford the luxury of a defense and Petitioners, defending in the user's behalf, could not relitigate the question of validity because of estoppel by judgment. It is practically impossible, therefore, that any other Circuit Court of Appeals will ever be called upon to adjudicate this patent.

Users of Petitioners' signs are to be found in many cities in various parts of the country. Since the date on which the decision of the Circuit Court of Appeals was

4. *Stebler v. Riverside Heights Orange Growers' Ass'n, et al.*, 214 Fed. 550.

rendered,⁵ however, the one and only user whom Respondent has brought suit against is located at Chicago in the Seventh Circuit.⁶ The patent was sustained in that Circuit and Respondent has studiously and deliberately avoided submitting it to the possibility of an adverse adjudication in any other Circuit.

These circumstances, it is thought, should take this case outside the general rule requiring a conflict of decisions as a prerequisite to the grant of a Writ of Certiorari in patent cases and place it in the category of cases which will be reviewed in the absence of such conflict. This is a case in which the validity of the patent is plainly questionable, practically the entire manufacturing industry (if not all of it) is located in the Seventh Circuit, the possibility of the patent ever being litigated in any other jurisdiction is extremely remote, and a novel and important legal question is involved.

It is submitted that the case is strikingly parallel, in so far as the grounds presented for the grant of the writ are concerned, to *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U. S. 47, 50.

Other cases believed to sustain jurisdiction are:

Mackay Radio & Telegraph Co. v. Radio Corporation of America, 306 U. S. 86, 89.

Leitch Manufacturing Co. v. Barber Co., 302 U. S. 458.

Paramount Publix Corp. v. American Tri-Ergon Corp., 294 U. S. 464.

Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp., 294 U. S. 477.

Carbice Corporation of America v. American Patents Development Corp., 283 U. S. 27.

DeForest Radio Co. v. General Electric Co., 283 U. S. 664.

5. April 25, 1940.

6. *Wagner Sign Service, Inc. v. Midwest News Reel Theatres, Inc.*, Civil Action No. 1880.

I.

From the trade journals of the theatre world⁷ (portions of which are in evidence, R., 103, 233, 235, 237, 273), it is apparent that the parties to this litigation are the only nationally advertised concerns which manufacture silhouette letters of the notched flange (adjudged infringing) type. Only one other national advertiser⁸ makes silhouette letters for use on theatre marquees. Its letters are not of the notched flange type but are suspended by hooks on their backs, very much after the fashion of the prior art patent to Standish, No. 1,884,335 (Petition for Certiorari, p. 9).

If anyone else makes silhouette letters of any type for this use, it is only some local sign-maker somewhere, unknown to Petitioners and not a factor in the business.

It is respectfully suggested, therefore, that, in the interest of justice and in view of the remoteness of the possibility that the patent will ever be passed upon in any other Circuit, this Honorable Court should not refuse to review this case at this time.

II.

With regard to the dubious validity of the patent, and Respondent's misuse of the patent grant to intimidate and stifle legitimate competition, reference is again made to the Petition. In addition, it is respectfully suggested that the supposed "inventive thought" involves nothing more elevating or inspiring than the mere suspending of letters and characters from rods or wires in front of a translucent, glass background, by means of notches cut in the backs of the letters and characters; that illuminated signs comprising a box containing a light and having one side

7. "Signs of the Times"; "Box Office"; "The Exhibitor"; "Better Theatres" and "National Sign Journal."

8. The Artkraft Sign Co., Lima, Ohio.

enclosed by a translucent, glass panel are not claimed to have been new with the patent in suit; that the practice of cutting notches in the back of devices of all sorts in order to hang them up on wires, rods, strings, ropes, nails, hooks, and similar things dates back to very early times; and that the supposed inventive thought of this patent is wholly lacking in novelty and in that spark of genius which distinguishes invention from mere mechanical skill.

In this situation, it is further respectfully suggested that the ends of justice can not be served unless a review of the case is granted at this time.

Wherefore, Petitioners respectfully pray that their Petition be reconsidered and that the Writ of Certiorari be issued as prayed for therein.

Respectfully submitted,

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ALBERT F. MECKLENBURGER,

Of Counsel.

I hereby certify that the foregoing Petition for Rehearing is filed in good faith and not for purpose of delay.

ARTHUR A. OLSON.